## Introduction

People and poverty are the common factor for hindering the economic development. While economic growth is extremely important, it has to be accompanied by improvement in the quality of life of the people for the development process to be sustainable in the medium to long run. Poverty alleviation programme organized by the government authority are planned without participation of the local people and, therefore, often failed to address the needs and the requirements of the poor, result in complete failure to improve socio-economic condition of the poor for which these are evolved. In a society, poverty primarily affect women and children; there require schemes, programmes for the upliftment of these marginal sections, especially rural women.

Workforce participation rate of women in Kerala have remained for lower than in all-India and even in the neighboring countries of south India during all the year from 1951 onwards. The economic significance of rural development is very important as it includes contribution to national income through rural agricultural production, higher level of employment, solving food problems, accelerate industrial growth and develop trade both internal and international. Now a days' micro finance has taken a development strategy to address the alleviation of poverty and the empowerment of the society. Provision of thrift, credit and other financial services, and product of very small amounts to raise the income level of clients and improve their living standards. The basic unit of micro finance is a group of persons called self help groups. These small and homogeneous groups involved in savings and credit activity are capable of taking care of risks through peer monitoring. SHG borrowed fund from banks to disburse it among the group members to undertake various income generating activities. The present study concentrates on the marketing and production problems of SHGs in Kerala, with a specific objective to evaluate the production and marketing problems faced by SHGs.

## Statement of the Problem

The effective organization of Self Help Groups is a significant instrument in the process of empowerment. The emerging changes in the values and attitudes of the members of the SHGs are a clear manifestation of socioeconomic empowerment intervention yielding quicker result. The socioeconomic programmes reinforce each other and promote all-round development of the children, the women, the households and the communities. It is a process, which ultimately leads to self-fulfillment of each member of the society. It is in this direction that Self Help Groups are moving to fulfill their objective with a meaningful strategy. A SHG is an informal association of people, who have voluntary come together for the business of saving and credit and to enhance the member's financial security as the primary motive, coupled with other common interests of the members such as area development, awareness, motivation, leadership, training, making several products and marketing them for the wellbeing of the groups and individual and the entire community. SHGs are presently promoted by the Government, development bank and voluntary agencies, and are concerned with focus on social and economic issues, mainly thrift and credit programmes. They are also taking up issues relating to rural industries and modernization of agriculture. Apart from these, voluntary agencies provide formal training through which entrepreneurs acquire practical skills for managing small scale enterprises such as garment making, toy making, fruit processing, and handicrafts. The voluntary agencies provide financial support to start micro enterprises and to find suitable places for marketing produces of entrepreneurs. A study of this type reveals how far these small scale units help to eradicate the poverty of the members of the SHGs and assess the role of governmental and non-governmental agencies in promoting the SHGs to help the members attain a reasonable standard of living, by providing financial and non-financial support to them. A study on the marketing of the products of Self Help Groups suggest practical solution to overcome the problems relating to financial, production and marketing

aspects of the products of SHGs in Kerala. In Kerala, since the middle of 1990s, the State Government also took initiatives in organizing the urban poor women into Neighborhood Groups (NHGs), with more or less the same objectives. These NHGs are recognized as SHGs by NABARD, as far as SHG-Bank linkage and credit facilities are concerned. Therefore in this study, SHG would stand for the NHGs of Kudumbasree registered in the local self government of Kerala.

## Significance of the study

The effective organization of Self Help Groups is a significant instrument in the process of empowerment. The emerging changes in the values and attitudes of the members of the SHGs are a clear manifestation of socioeconomic empowerment intervention yielding quicker result. The socioeconomic programmes reinforce each other and promote all-round development of the children, the women, the households and the communities. It is a process, which ultimately leads to self-fulfillment of each member of the society. It is in this direction that Self Help Groups are moving to fulfill their objective with a meaningful strategy. A SHG is an informal association of people, who have voluntary come together for the business of saving and credit and to enhance the member's financial security as the primary motive, coupled with other common interests of the members such as area development, awareness, motivation, leadership, training, making several products and marketing them for the wellbeing of the groups and individual and the entire community. SHGs are presently promoted by the Government, development bank and voluntary agencies, and are concerned with focus on social and economic issues, mainly thrift and credit programmes. They are also taking up issues relating to rural industries and modernization of agriculture. Apart from these, voluntary agencies provide formal training through which entrepreneurs acquire practical skills for managing small scale enterprises such as garment making, toy making, fruit processing, and handicrafts. The voluntary agencies provide financial support to start micro enterprises and to find suitable places for marketing produces of entrepreneurs. A study of this type reveals how far these small scale units help to eradicate the poverty of the members of the SHGs and assess the role of governmental and non-

governmental agencies in promoting the SHGs to help the members attain a reasonable standard of living, by providing financial and non-financial support to them. A study on the marketing of the products of Self Help Groups suggest practical solution to overcome the problems relating to financial, production and marketing aspects of the products of SHGs in Kerala. In Kerala, since the middle of 1990s, the State Government also took initiatives in organizing the urban poor women into Neighborhood Groups (NHGs), with more or less the same objectives. These NHGs are recognized as SHGs by NABARD, as far as SHG-Bank linkage and credit facilities are concerned. Therefore in this study, SHG would stand for the SHG/NHGs of Kudumbasree registered in the local self government of Kerala.

## Period of survey

A preliminary opinion survey, for a period of two months from July 2011 to September 2011, was conducted among Kudumbasree coordinators and Self Help Group members to identify the variables to be included in the interview schedule. A pilot study was conducted among fifty SHG members based on a preliminary interview schedule for a period of three months from January 2012 to April 2012. After testing the reliability, and fixing the sample size, the final questionnaire was administered to 350 sample members for a single period from January 2013 to September 2013.

## Period of reference

The study covers a period of seven years, from 2005 to 2012. However for long-term analysis, whenever found necessary, data relating to the previous years and the data belonging to the years 2011-12 and 2012-13 are also taken into consideration.

## Objectives

The main objectives of the study are as follows:-

1. To identify the various financial and non-financial difficulties faced by the Self Help Groups to produce their products.

2. To analyse the various problems faced by the SHGs to market their products among the public.
3. To evaluate the service provided by the governmental and non-governmental agencies to the SHGs.
4. To make practical recommendations to solve the various problems and difficulties faced by the SHGs.

## Research methodology

The study is designed as descriptive and analytical one. The study requires both primary and secondary data. Primary data have been collected through a scheduled questionnaire for the purpose, from the micro entrepreneurs who undertake different types of micro enterprises on group basis. Secondary data have been collected from the publications of the Department of Rural development, Government of Kerala, State Planning Board, Annual report of NABARD for various years, Annual report of Kudumbasreemission Kerala for different years, Kudumbasree Magazines, Economic and political weekly and census India report. Survey research using a questionnaire was adopted in this study, since facts had to be collected directly from the Self Help Group members selected based on sampling design.

The study was confined to the state of Kerala. Multi-stage random sampling has been used for the selection of sample. In the first stage, the whole state is divided in to three regions, South, Central and North. From each region, a district was selected on a random basis. The districts selected were Kollam, Kottayam and Malappuram. A pilot study is organised, based on a preliminary interview schedule, among fifty members from the three selected districts. The study variable after Reliability Analysis is used for determining sample size. A sample size of 350 is fixed statistically to represent the whole population. This sample size is allocated to each district, based on the propotion of SHG members in the three districts.

## Tools Used for Analysis

The tools used for analysis of primary data consist of cross-tabulation, descriptive statistics like arithmetic mean, standard deviation, variance, etc... The tools used for hypothesis testing include Friedman's Test for K-related samples, ANOVA, MANOVA, Discriminant Analysis and Factor Analysis.

## Major Findings

1. The study on the starting year of SHG reveals that majority started their functioning before 2010. Majority of the SHG members are married and coming from the nuclear family in the rural area. Most of the respondents are house wife before joining the SHG; others are wage employees and agricultural labourers. The study on Educational qualification-wise classification reveals that most of them qualified high school level of education. Advice by the resource person and low capital investment are the leading reason influencing for starting the SHGs. Most of the respondents are performing their economic activity collectively, and majority spends 4 to 8 hours per day for the enterprises in order to perform the economic activity.
2. The Financial details of Self Help Groups observed that commercial banks are in the forefront of making linkage with Self Help Groups. Most of the self help group members prefer group loan to run the units. Comparing to urban area rural area prefer more on individual loan. Likewise, the urban SHGs created more value of asset than the rural SHGs. The number of respondents who received the low interest rate on loan is very low.
3. The major financial problems identified are those relating to Capital, Book keeping, banking support and Repayment. The analysis based on mean scores proves that all variables are relevant in describing the financial problems of SHG's in Kerala. The district-wise and place of residence-wise analysis of the mean scores indicating the degree of problems in each district and place of residence suggests that all the financial problems such as Capital related, Book keeping related, banking support related and Repayment related problems of the SHGs are very high in Kollam district especially in the SHGs in Rural area. The

prior occupation-wise analysis of the mean scores suggests that, the financial problems such as Book keeping related and Repayment related problems are high among wage employee; capital related financial problem is high among the SHG members whose prior occupation is house wife and banking related problem is high among the SHG members whose prior occupation is Agricultural labour.

4. The Discriminant Analysis used for locating the important problem variable in rural and urban area reveals that the 'Banking support related problems' is the important financial problem in rural areas; and 'Repayment related problem' is the important problem in the urban area.
5. The major problems identified in the production are those relating to Raw material, Technology, Training, Labour and Other problems. The analysis based on mean scores proves that all variables are relevant in describing the production problems of SHG's in Kerala. The district-wise analysis of the mean scores indicating the degree of problems in each district suggests that the production problems of SHG's such as raw material related and technology related are very high in Kottayam district; training related problems of SHG is high in Malappuram district; labour related and other problems of SHG's are high in Kollam district. Majority of the production problems are dominant in Kollam and Kottayam districts.
6. The activity-wise analysis reveals that, Animal husbandry units are seems to be having more production problems and problems related to technology are seen to be more in dress material. Other products seen to have more of training related issues, labour issues are seen to be high in Agriculture. Other problems are seen on high side in Animal husbandry. The mean score variation of the responses on all these problems are statistically significant.
7. The Discriminant Analysis in rural and urban area reveals that 'Training related problems' is the main production problem in the rural area and 'Technology related problems' is the important production problem in the urban area. The evaluation of agencies promoting production process o SHG's in Kerala reveal

that the production interventions of agencies are better in Kollam districts while compared to Kottayam and Malappuram districts. Similarly, interventions of agencies are better in rural area compared to urban area.

8. The five marketing problems analysed are: 1. Price related, 2. Advertising related, 3. Transportation related, 4. Storage and grading related and 5. Export related. It is observed that the marketing problems of SHG's are very high in Kollam district; advertising problems of SHG is high in Malappuram district; storage and grading problems of SHG's are high in Kottayam district. Similarly pricing related, advertising and transportation related problems are very high among Furniture and wood processing units; Storage and grading problems show crucial among agricultural units;
9. To explain the possible variations observed in all marketing problems across the three selected districts, MANOVA for the bundle of five variables resulted in significant multi-variate test results at 5 per cent level. This indicates the variations in marketing problems in the three districts selected.
10. The Discriminant Analysis reveals that the 'advertising related problems' is the important problem in the rural area and 'transportation related problem' is the important problem in the urban area. The mean scores derived for the six factors used for evaluating the functioning of agencies reveal that the interventions of agencies in the marketing of the products of SHGs are better in Kollam and malappuram districts while compared to Kottayam district. Similarly, interventions of agencies are better in urban area compared to rural area. The poor performance of the agencies in supporting marketing in the rural area is clearly discovered from the opinion scores reported.

## Recommendations

1. Inadequate financial resources and working capital is one of the main constrain faced by SHG units in Kerala. Credit can solve the capital constrain to undertake the income generation activities of SHGs that can solve the un-employment

problems and leading to eradication of poverty. So the credit policy must be liberal and extent credit if the borrowers have the ability to repay.

2. Government, financial institution and community based organization should give adequate and continues training programme on production, capacity building and administration at all the stages of enterprises. The training programme should be different for urban and rural SHGs.
3. To improve price of product, product designing should be based on locally available resource and skills, which suit area specific and location specific requirements. Adaptation of innovative technologies is essential to enhance production. Value-added products should improve the profitability of the groups.
4. Permanent retail outlets in the local level must be implemented; shop should be established with better access to consumers and shopping hours should match with the local demand of the consumers. Credit card facility should also be promoted. Better publicity and communication through the media, especially television channels, and newspapers should also be made in order to attract customers. For the effective implementation of this cluster formation is highly promoted.
5. In order to overcome the transportation problem, co-operation among the different SHGs in the locality is promoted through cluster formation. A district level marketing chain should be developed. Check the exploitation by middlemen present in the marketing channels.